## ARIZONA CORPORATION COMMISSION UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

W-01774A
Picacho Water Improvement Corporation
PO Box 44
Picacho, AZ 85421

ACCUTILITIES DIRECTOR

# ANNUAL REPORT Water

FOR YEAR ENDING

12 31 2010

FOR COMMISSION USE

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## **COMPANY INFORMATION**

Company Name (Business Name)	Picacho Water Improvement Corpo	oration
Mailing Address PO Box 44		
(Street)		
Picacho	AZ	85421
(City)	(State)	(Zip)
520-466-3787		
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)
Email Address		
Local Office Mailing Address	Same as above	
	(Street)	
(City)	(State)	(Zip)
Local Office Telephone No. (Include Area Code	) Fax No. (Include Area Code)	Cell No. (Include Area Code)
Email Address		
MA	NAGEMENT INFORMATION	<u>ON</u>
Management Contact:	Ed Kile	Manager
N J Transagement Comment	(Name)	(Title)

Management Contact:	Ed Kile	Manager	
	(Name)	(T)	itle)
PO Box 44	Picacho	AZ	85421
(Street)	(City)	(State)	(Zip)
520-466-3787			<del></del>
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Inclu	de Area Code)
Email Address			
On Site Manager:	Ed Kile		
	(21)		
	(Name)		
PO Box 44	Picacho	AZ	85421
	,	AZ (State)	85421 (Zip)
	Picacho		
(Street)	Picacho		·

Statutory Agent:	Ed Kile		
	(Name)		
P.O. Box 44.	Picacho	AZ	85241
(Street)	(City)	(State)	(Zip)
520-466-3787 Telephone No. (Include Area Code)	Fax No. (Include Area Code	Cell No. (I	nclude Area Code)
	, and the second	COM 170. (1	northern Board South
Attorney: Robert Lyncl	1 (Name)		
340 E. Palm Lane (Street)	Phoenix (City)	AZ (State)	85004 (Zip)
	(0.03)	(3,111)	(- r)
602-254-5908 Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (I	nclude Area Code)
Email Address			
	OWNERSHIP INFORMAT	<u>ION</u>	
Check the following box that applie	s to your company:		
Sole Proprietor (S)	C Corporation	(C) (Other than A	association/Co-op)
Partnership (P)	Subchapter S (	Corporation (Z)	
Bankruptcy (B)	Association/Co	-op (A)	
Receivership (R)	Limited Liabili	ity Company	
Other (Describe)			<b></b>
	<b>COUNTIES SERVED</b>		
Check the box below for the county	/ies in which you are certificated to	provide service:	
<b>П</b> АРАСНЕ	☐ COCHISE		NINO
☐ GILA	☐ GRAHAM	☐ GREEN	ILEE
☐ LA PAZ	☐ MARICOPA	□ МОНА	VE
☐ NAVAJO	☐ PIMA	⊠ PINAL	
☐ SANTA CRUZ	☐ YAVAPAI	☐ YUMA	
☐ STATEWIDE			_

# HOLM, HESTAND & VALENZUELA, CPAS, P.C. CERTIFIED PUBLIC ACCOUNTANTS 3131 NORTH COUNTRY CLUB ROAD, SUITE 109 TUCSON, ARIZONA 85716

DOUGLAS R. HOLM, CPA EMMA K. HESTAND, CPA JANETTE G. VALENZUELA, CPA TELEPHONE: (520) 326-8483 FAX: (520) 795-5191 E-MAIL: HHVCPA@EARTHLINK.NET

To the Board of Directors Picacho Water Improvement Corporation Tucson, AZ 85745

We have compiled the balance sheets of Picacho Water Improvement Corporation, as of December 31, 2010 and 2009 and the related statements of income and expense for the years then ended included in the accompanying prescribed form. We have also compiled the supplementary information presented in the prescribed form. We have not audited or reviewed the accompanying financial statements and supplementary information, and, accordingly, do not express an opinion or provide any assurance about whether the financial statements and supplementary information are in accordance with the form prescribed by the Arizona Corporation Commission--Utilities Division.

Management is responsible for the preparation and fair presentation of the financial statements and supplementary information in accordance with requirements prescribed by the Arizona Corporation Commission--Utilities Division and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements and supplementary information.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements and supplementary information

These financial statements (including related disclosures) and the supplementary information are presented in accordance with the requirements of the Arizona Corporation Commission--Utilities Division, which differ from accounting principles generally accepted in the United States of America. This report is intended solely for the information and use of the Arizona Corporation Commission--Utilities Division and is not intended to be and should not be used by anyone other than this specified party.

Holm, Hesters Valenula CPAS P.C.

March 16, 2011

## **UTILITY PLANT IN SERVICE**

Acct.		Original	Accumulated	O.C.L.D.
No.	DESCRIPTION	Cost (OC)	Depreciation (AD)	(OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights	700		700
304	Structures and Improvements	933	933	
307	Wells and Springs	7479	6115	1364
.311	Pumping Equipment	80381	79386	995
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	25619	25619	
331	Transmission and Distribution Mains	61778	61778	
333	Services			
334	Meters and Meter Installations	4320	4320	
335	Hydrants			
336	Backflow Prevention Devices			· · · · · · · · · · · · · · · · · · ·
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	1555	1555	
341	Transportation Equipment	9245	9245	
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	3251	3251	
	TOTALS	195261	192202	3059

This amount goes on the Balance Sheet Acct. No. 108

## CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION Cost (1)						Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization							
302	Franchises							
303	Land and Land Rights	700		_				
304	Structures and Improvements	933						
307	Wells and Springs	7479	20%	274				
311	Pumping Equipment	80381	20%	1223				
320	Water Treatment Equipment							
330	Distribution Reservoirs and Standpipes	25619						
331	Transmission and Distribution Mains	61778						
333	Services							
334	Meters and Meter Installations	4320	20%					
335	Hydrants							
336	Backflow Prevention Devices							
339	Other Plant and Misc. Equipment							
340	Office Furniture and Equipment	1555						
341	Transportation Equipment	9245						
343	Tools, Shop and Garage Equipment							
344	Laboratory Equipment	1000						
345	Power Operated Equipment							
346	Communication Equipment							
347	Miscellaneous Equipment							
348	Other Tangible Plant	3251						
	TOTALS	195261		1497				

This amount goes on the Comparative Statement of Income and Expense Acct. No. 403.

## **BALANCE SHEET**

Acet No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR	
	CURRENT AND ACCRUED ASSETS			
131	Cash	\$ 13314	\$ 6814	
134	Working Funds			
135	Temporary Cash Investments			
141	Customer Accounts Receivable	19218	18513	
146	Notes/Receivables from Associated Companies			
151	Plant Material and Supplies			
162	Prepayments			
174	Miscellaneous Current and Accrued Assets	325	325	
	TOTAL CURRENT AND ACCRUED ASSETS	32857	25652	
	FIXED ASSETS			
101	Utility Plant in Service	195261	195261	
103	Property Held for Future Use			
105	Construction Work in Progress			
108	Accumulated Depreciation – Utility Plant	(190705)	(192202)	
121	Non-Utility Property			
122	Accumulated Depreciation – Non Utility			
	TOTAL FIXED ASSETS	4556	3059	
	TOTAL ASSETS	37413	28711	

NOTE: The Assets on this page should be equal to Total Liabilities and Capital on the following page.

## **BALANCE SHEET (CONTINUED)**

Acct. No.	LIABILITIES	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITES	\$	\$
231	Accounts Payable		
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	3802	3802
236	Accrued Taxes	302	373
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	4104	4175
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	45000	44000
	Bong Tomi Tours and Bonds		
	DEFERRED CREDITS		
251	Unamortized Premium on Debt		
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS		
	TOTAL LIABILITIES	49104	48175
	CAPITAL ACCOUNTS		
201	Common Stock Issued	13339	13339
211	Paid in Capital in Excess of Par Value	• • • • • • • • • • • • • • • • • • • •	
215	Retained Earnings	(25030)	(32803)
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	(11691)	(19464)
	TOTAL LIABILITIES AND CAPITAL	37413	28711

## **COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 62470	\$ 52513
460	Unmetered Water Revenue		
474	Other Water Revenues		
	TOTAL REVENUES	62470	52513
	OPERATING EXPENSES		
601	Salaries and Wages		
610	Purchased Water		
615	Purchased Power	14725	9635
618	Chemicals		
620	Repairs and Maintenance	1767	5071
621	Office Supplies and Expense	2921	5147
630	Outside Services	24109	24281
635	Water Testing	2094	1079
641	Rents		
650	Transportation Expenses		
657	Insurance – General Liability	1087	1986
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	1500	1500
403	Depreciation Expense	1497	1497
408	Taxes Other Than Income	3408	3743
408.11	Property Taxes	3838	2909
409	Income Tax	50	50
	TOTAL OPERATING EXPENSES	56996	56898
	OPERATING INCOME/(LOSS)	5474	(4385)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income		
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	(1473)	(3388)
	TOTAL OTHER INCOME/(EXPENSE)	(1473)	(3388)
	NET INCOME/(LOSS)	4001	(7773)

## SUPPLEMENTAL FINANCIAL DATA Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	10/28/03	03/01/06	03/01/07	
Source of Loan	Great Western Bank	Mrs. Holmes	Hank Holmes	
ACC Decision No.				
Reason for Loan		<u> </u>		
Dollar Amount Issued	25000	5000	15000	11 M (No.
Amount Outstanding	24000	5000	15000	
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	3388			
Current Year Principle	1000			

Meter Deposit Balance at Test Year End	\$ 3802	
Meter Deposits Refunded During the Test Year	\$	

COMPANY NAME Picacho Water Improvement Corporation			
Name of System:	ADEQ Public Water System Number:		

## WATER COMPANY PLANT DESCRIPTION

#### **WELLS**

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
622043	40	300	14"	20"	6"	1961
622044	25	65	112"	10"	3"	1961
		<u>,</u>				

<sup>\*</sup> Arizona Department of Water Resources Identification Number

#### **OTHER WATER SOURCES**

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
50	1		. I september 1

Capacity Quantity 200,000 1	Capacity	Quantity
200,000 1		
200,000	7500	1

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME Picacho Water Improvement Corporation				
Name of System:	ADEQ Public Water System Number:			

#### WATER COMPANY PLANT DESCRIPTION (CONTINUED)

#### **MAINS**

Size (in inches)	Material	Length (in feet)
2		
3		
4		3000
5		
6		5000
8		6000
10		
12		
2		
6		
	41/	

#### **CUSTOMER METERS**

Size (in inches)	Quantity
5/8 X <sup>3</sup> / <sub>4</sub>	
3/4	
1	
1 1/2	
2	6
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

STRUCTURES:

OTHER:

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME: Picacho Water Improvement Corporation		
Name of System:	ADEQ Public Water System Number:	

#### WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2010

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	140	1240	1633	
FEBRUARY	140	(4)	. 2039	
MARCH	140	1135	2175	
APRIL	140	1592	2343	
MAY	140	1632	2541	
JUNE	140	2857	2938	
JULY	140	2680	3242	
AUGUST	140	2150	3461	
SEPTEMBER	140	2136	3709	
OCTOBER	140	1554	3890	
NOVEMBER	140	2452	4112	
DECEMBER	140	1012	4233	
	TOTALS →	20436	36316	

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME: Picacho Water Improvement Corporation		
Name of System:	ADEQ Public Water System Number:	

## UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY			
FEBRUARY			
MARCH			
APRIL			
MAY			
JUNE			
JULY			
AUGUST			1
SEPTEMBER			
OCTOBER			
NOVEMBER			
DECEMBER			
TOTALS>			
OTHER (descriptio	n):		
· · · · · · · · · · · · · · · · · · ·			
			Į AMIP

## **PROPERTY TAXES**

Amount of actual property taxes paid during Calendar Year 2010 was: \$
Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.
If no property taxes paid, explain why.

## VERIFICATION SWORN S

SWORN STATEMENT	RECEIVED
<u>Taxes</u>	Harry Commencer
COUNTY OF (COUNTY NAME) PINAL	ACC UTILITIES DIRECTOR
NAME (OWNER OR OFFICIAL) TETLE HANK HOLMI	

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

COMPANY NAME PICACHO WATER IMPROVEMENT CORPORATION.

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2010

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

#### **SWORN STATEMENT**

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

SIGNATURE OF OWNER OR OFFICIAL 520-466-3787 TELEPHONE NUMBER SUBSCRIBED AND SWORN TO BEFORE ME A NOTARY PUBLIC IN AND FOR THE COUNTY OF COUNTY NAME THIS DAY OF .20 MONTH (SEAL) SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES

#### **INCOME TAXES**

For this reporting period, provide the following:	
Federal Taxable Income Reported Estimated or Actual Federal Tax Liability	(7773)
State Taxable Income Reported Estimated or Actual State Tax Liability	(7773) 50
Amount of Grossed-Up Contributions/Advances:	
Amount of Contributions/Advances Amount of Gross-Up Tax Collected Total Grossed-Up Contributions/Advances	
of the tax year when tax returns are completed. Purany Payer or if any gross-up tax refunds have already	rill refund any excess gross-up funds collected at the close rsuant to this Decision, if gross-up tax refunds are due to dy been made, attach the following information by Payer: unt of gross-up tax collected, the amount of refund due to or has made the refund to the Payer.
CERTIFICATION	
prior year's annual report. This certification is to b	refunded to Payers all gross-up tax refunds reported in the be signed by the Manager or Chief Executive Officer, if a partnership; the managing member, if a limited liability hip.
Hank themes by Welene Kile SIGNATURE	3)30/11 DATE
Hank Holmes PRINTED NAME	President TITLE

# VERIFICATION AND SWORN STATEMENT Intrastate Revenues Only

RECEIVED	
fit is	
ACC UTILITIES DIRECTOR	

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VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

	"WELLY"
COUNTY OF (COUNTY NAME) PINAL	· OR
NAME (OWNER OR OFFICIAL) TITLE HANK HOLMES, PRESIDENT	
COMPANY NAME PICACHO WATER IMPROVEMENT CORPORATION	

Arizona Intrastate Gross Operating Revenues Only (\$)

#### DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH DAY YEAR
12 31 2010

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

#### **SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM <u>ARIZONA INTRASTATE</u> UTILITY OPERATIONS DURING CALENDAR YEAR 2010 WAS:

	\$	52513	
	(THE AMOUNT IN BOX ABOVE		
	<b>INCLUDES \$</b>	3454	
	IN SALES TAX	ES BILLED, OR COLLECTED	
*REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)  SUBSCRIBED AND SWORN TO BEFORE ME	SIGNATUR 52	LECT OWNER OR OFFICIAL  D 251 1732  LEPHONE NUMBER	
A NOTARY PUBLIC IN AND FOR THE COUNTY OF	COUNTY NAME		
THIS DAY OF	MONTH	.20	
(SEAL)			
MY COMMISSION EXPIRES	SIGNATUR	E OF NOTARY PUBLIC	
See Accountants' Report			

#### **VERIFICATION** AND **SWORN STATEMENT RESIDENTIAL REVENUE**



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STATE OF ARIZONA

I, THE UNDERSIGNED

V EIGHT TOTT	RECE
AND	RECEIVED
SWORN STATEMENT	Hieron .
RESIDENTIAL REVENUE	ACCUPA
<b>Intrastate Revenues Only</b>	ACC UTILITIES DIRECTO
COUNTY OF (COUNTY NAME) PINAL	
NAME (OWNER OR OFFICIAL) TITLE HANK HOLMES	, PRESIDENT
COMPANY NAME PICACHO WATER IMPROVEMENT C	ORPORATION

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH DAY YEAR 31 2010 12

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

#### **SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2010 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES  \$ 32353	THE AMOUNT IN BOX AT LEFT INCLUDES \$ 2128 IN SALES TAXES BILLED, OR COLLECTED)			
*RESIDENTIAL REVENUE REPORTED ON THIS PAC MUST INCLUDE SALES TAXES BILLED.	GE Melene Se SIGNATURE OF OWNER OR OFFICE	ile_		
	530 251- TELEPHONE NUMBER	-173i		
SUBSCRIBED AND SWORN TO BEFORE M	ME NOTARY PUBLIC NAME			
A NOTARY PUBLIC IN AND FOR THE CO	UNTY OF COUNTY NAME	COUNTY NAME		
THIS DAY O	MONTH	.20		
(SEAL)				
MY COMMISSION EXPIRES	SIGNATURE OF NOTARY F	PUBLIC		